

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Brett J. Struhar and Lourdes H. Struhar
Address 4235 Hehi Road, Hanamaulu, Hawaii 96766

Project Name(*): Hehi Condominium

Address: 4235 Hehi Road, Hanamaulu, Kauai, Hawaii 96766

Registration No. 6159
(Partial Conversion)

Effective date: January 31, 2007

Expiration date: February 29, 2008

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- ☐ **PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- ☒ **FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
- ☐ No prior reports have been issued.
- ☐ This report supersedes all prior public reports.
- ☐ This report must be read together with _____
- ☐ **SUPPLEMENTARY:**
(pink) This report updates information contained in the:
- ☐ Preliminary Public Report dated: _____
- ☐ Final Public Report dated: _____
- ☐ Supplementary Public Report dated: _____
- And ☐ Supersedes all prior public reports.
- ☐ Must be read together with _____
- ☐ This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

☐ Required and attached to this report ☒ Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☒ No prior reports have been issued by the developer.

☐ Changes made are as follows:

SPECIAL ATTENTION

This is CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

1. There are presently NO RESIDENTIAL STRUCTURES ON THE PROPERTY. The only buildings on the property are storage sheds, each of which may be defined as an "apartment" under the condominium property act.
2. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING:

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Brett J. and Lourdes H. Struhar Phone: (808) 246-1813
Name* _____
4235 Hehi Road _____
Business Address _____
Hanamaulu, Hawaii 96766 _____

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary): N/A

Real Estate Broker*: Drew Vento Phone: (808) 742-7561
Makai Properties LLC _____
Name _____
1941 B Poipu Road _____
Business Address _____
Koloa, Hawaii 96756 _____

Escrow Title Guaranty of Hawaii Phone: (808) 245-3381
Name _____
4414 Kukui Grove St., Ste. 104 _____
Business Address _____
Lihue, Hawaii 96766 _____

General Contractor*: Bittner Construction LLC Phone: (808) 822-4053
Name _____
Post Office Box 456 _____
Business Address _____
Anahola, Hawaii 96703 _____

Condominium Managing Agent*: Self-managed by AOA Phone: _____
Name _____
Business Address _____

Attorney for Developer: Law Offices of Nancy J. Budd Phone: (808) 245-5343
Name _____
4374 Kukui Grove St., Ste. 103 _____
Business Address _____
Lihue, Hawaii 96766 _____

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

☐ Proposed
☒ Recorded - Bureau of Conveyances: Document No. 2006-037544
Book _____ Page _____
☐ Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

☐ Proposed
☒ Recorded - Bureau of Conveyances Condo Map No. 4172
☐ Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed
☒ Recorded - Bureau of Conveyances: Document No. 2006-037545
Book _____ Page _____
☐ Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☐ Proposed ☐ Adopted ☒ Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

☐ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

☒ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

Developer may amend Declaration prior to association being formed.

Developer may amend Declaration to file the "as-built" verified statement

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- ☒ Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- ☐ Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
☐ Semi-Annually ☐ Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

For Sub-leaseholds:

- ☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: ☐ Canceled ☐ Foreclosed
- ☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.
- ☐ Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
☐ Semi-Annually ☐ Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

☐ Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 4235 Hehi Road Tax Map Key (TMK): (4)3-7-001-028
Hanamaulu, Kauai, Hawaii 96766

☐ Address ☒ TMK is expected to change because a CPR number
will be added to each unit.

Land Area: 43,566 ☒ square feet ☐ acre(s) Zoning: Open

Fee Owner: Brett J. and Lourdes H. Struhar
Name
4235 Hehi Road
Address
Hanamaulu, Hawaii 96766

Lessor: N/A
Name
Address

C. **Buildings and Other Improvements:**

1. ☐ New Building(s)
☐ Conversion of Existing Building(s)
☒ Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: 1
☒ Exhibit "A" contains further explanations.
3. **Principal Construction Material:**
☐ Concrete ☐ Hollow Tile ☒ Wood
☒ Other Shed: steel fence posts and shade cloth
4. **Uses Permitted by Zoning:**

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other : Shed	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
☒ Yes ☐ No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments.

Restrictions for this condominium project include but are not limited to:

No pigs, pitbulls or any livestock, poultry, or other animals whatsoever that create excessive levels of

☒ Pets: noise and noxious odors, See Bylaws V(3)(k)

☐ Number of Occupants: _____

☒ Other: Use only for residential purposes (See Bylaws V(3) and Declaration II(C)(3))

☐ There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit A	1	4/3	1930	624	Deck and garage
Unit B	1	-0-	-0-	16	Shed
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment Each unit includes but not limited to the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, and all fixtures installed in the unit. The net living area for each unit is measured from its interior perimeter walls.

Permitted Alterations to Apartments: Each unit owner prior to construction or making any physical alterations, must obtain all governmental approval and permission and publish a notice of completion in a newspaper and the Clerk of the Fifth Circuit Court, State of Hawaii. Restoration or replacement of the Project or any part thereof other than the units shall be undertaken by the AOA or any unit owners only pursuant to the affirmative vote of (51%) of the voting interest.

Apartments Designated for Owner-Occupants Only: N/A

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has _____ elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 2 unassigned

	<u>Regular</u> <u>Covered</u> <u>Open</u>	<u>Compact</u> <u>Covered</u> <u>Open</u>	<u>Tandem</u> <u>Covered</u> <u>Open</u>	TOTAL
Assigned (for each unit)	_____	_____	_____	_____
Guest	_____	_____	_____	_____
Unassigned	_____ <u>2</u>	_____	_____	<u>2</u>
Extra for Purchase	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Covered & Open:	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

☐ Commercial parking garage permitted in condominium project.

☐ Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

☒ There are no recreational or common facilities.

☐ Swimming pool

☐ Storage Area

☐ Recreation Area

☐ Laundry Area

☐ Tennis Court

☐ Trash Chute/Enclosure(s)

☐ Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations (See Exhibit I

☒ There are no violations.

☐ Violations will not be cured.

☐ Violations and cost to cure are listed below: ☐ Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code (See Exhibit H)

a. ☒ [X] No variances to zoning code have been granted.

☐ [] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

☒ [X] described in Exhibit B.

☐ [] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit C.

☐ as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☐ described in Exhibit _____.

☒ as follows:

Unit A	50% common interest
Unit B	50% Common interest

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit D describes the encumbrances against the title contained in the title report dated June 15, 2006 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Prior to any closing, Mortgage will be released.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None. The developer is not providing any warranties, expressed or implied.

2. Appliances:

N/A

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Unit A residence was constructed in 2004
Unit B shed was constructed in 2006

H. Project Phases:

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- ☐ not affiliated with the Developer ☐ the Developer or Developer's affiliate
☒ self-managed by the Association of Apartment Owners ☐ Other: _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit E contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- ☒ None ☐ Electricity (____ Common Elements only ____ Common Elements & Apartments)
☐ Gas (____ Common Elements only ____ Common Elements & Apartments)
☐ Water ☐ Sewer ☐ Television Cable
☐ Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- ☐ Notice to Owner Occupants
- ☒ Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- ☒ Escrow Agreement dated October 26, 2006
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Preliminary Title Report dated June 15, 2006

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6159 filed with the Real Estate Commission on June 30, 2006.

Reproduction of Report. When reproduced, this report must be on:

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C. Additional Information Not Covered Above

1. Not a Subdivision. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed as an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element.

2. Permitted Uses. This condominium project is subject to certain rules contained in the Bylaws which limit or prohibit certain activities on the property, including the keeping of certain animals, building restrictions and other matters. See ByLaws V(3)

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Brett J. and Lourdes H. Struhar

Printed Name of Developer

By: Brett J. Struhar / Lourdes H. Struhar June 26, 2006
Duly Authorized Signatory* Date

Brett J. and Lourdes H. Struhar, Developers

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

Number of Buildings

Unit A consists of a one-story residential dwelling having a net living area of 1930 square feet together with one (1) deck having a total area of 144 square feet and one (1) garage having a total area of 480 square feet.

Unit B consists of an agricultural shade shed with approximate area of 16 square feet under shade cloth roof.

EXHIBIT "B"

Common Elements of Project

The common elements of the Project to which each of the apartments have immediate access include:

- (a) The land is fee simple.
- (b) The central and appurtenant transmission facilities over, under and across the Project which service more than one unit for common services such as power, light, gas, telephone, sewer, television, hot and cold water and like utilities.
- (c) All other apparatus, installations, and other parts of the Project existing for the common use if necessary or convenient to the existence, maintenance and safety of the Project.

EXHIBIT "C"

Limited Common Elements of the Project

The limited common elements of the project which are appurtenant to the respective apartments are as follows:

- (a) The land area designated as Unit A surrounding and under Unit A is a limited common element of Unit A and is for the exclusive use of Unit A and consists of 29,566 square feet more or less.
- (b) The land area designated as Unit B surrounding and under Unit B is a limited common element of Unit B and is for the exclusive use of Unit B and consists of 14,000 square feet more or less.

NOTE: Land areas herein described are not legally subdivided lots.

EXHIBIT "D"

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : April 27, 1973

RECORDED : Liber 9114 Page 299

The foregoing includes, but is not limited to, matters relating to agricultural activities, including sugar cane burning, on nearby lands.

3. WAIVER AND RELEASE

DATED : March 17, 2005

RECORDED : Document No. 2005-069459

BY : BRETT STRUHAR and LOURDES STRUHAR

WITH : COUNTY OF KAUAI

RE : water service

4. SETBACK (8 feet wide)

PURPOSE : road widening reserve

ALONG : along Hehi Road

SHOWN : on map prepared by Roger M. Caires, Licensed Professional Land Surveyor, dated ---, revised June 10, 2005, recertified June 28, 2005

5. SETBACK (9.5 feet wide)

PURPOSE : future road widening

ALONG : along Hipa Road

SHOWN : on map prepared by Roger M. Caires, Licensed Professional Land Surveyor, dated ---, revised June 10, 2005, recertified June 28, 2005

6. MORTGAGE

LOAN/ACCOUNT NO. 1003054928

MORTGAGOR : BRETT J. STRUHAR and LOURDES H. STRUHAR, husband
and wife

MORTGAGEE : NEW CENTURY MORTGAGE CORPORATION, a corporation
organized and existing under the laws of California

DATED : August 8, 2005
RECORDED : Document No. 2005-173278
AMOUNT : \$550,000.00

7. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"HEHI CONDOMINIUM" CONDOMINIUM PROJECT

DATED : January 31, 2006
RECORDED : Document No. 2006-037544
MAP : 4172 and any amendments thereto

8. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : January 31, 2006
RECORDED : Document No. 2006-037545

END OF EXHIBIT "D"

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Unit A	\$20.00 x 12 = \$240.00
Unit B	\$20.00 x 12 = \$240.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning
Electricity
 [] common elements only
 [] common elements and apartments
Elevator
Gas
 [] common elements only
 [] common elements and apartments
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance \$20.00 x 12 = \$240.00

Reserves(*) \$20.00 x 12 = \$240.00

Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, Brett J. and Lourdes H. Struhar, as agent for/and/or employed by _____
the condominium managing agent/developer for the
HEHI CONDOMINIUM condominium project, hereby certify that the
above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in
accordance with generally accepted accounting principles.

Brett J. Struhar Lourdes H. Struhar
Signature

June 26, 2006
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "F"

Summary of Sales Contract

The Seller intends to use the Hawaii Association of Realtor's form of Deposit, Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The sales contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment. Among other things, the sales contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocates payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

EXHIBIT "G"

Summary of Escrow Agreement

The escrow agreement sets up an arrangement under which the deposits that a purchaser makes under a sales contract are held by a neutral third party ("escrow"). Escrow is Title Guaranty Escrow Services, Inc., Kauai branch. Under the escrow agreement, these things will or may happen:

- 1) Developer will advise purchasers of payment due dates, and all payments will be made to Escrow;
- 2) Escrow will arrange for purchasers to sign all necessary documents;
- 3) The escrow agreement defines the circumstances under which the purchaser may receive a refund. A purchaser shall be entitled to a refund if:
 - a) Escrow receives a written request from Developer and the purchaser for such refund;
 - b) Developer exercises an option to rescind if the same is available to the Developer and written notification is sent to Escrow; or
 - c) Developer and purchaser notify escrow that certain conditions allowing for a refund according to Hawaii law have been met. These include a prospective purchaser's right to review the final public report.
- 4) The escrow agreement also establishes the procedures for retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. No disbursements shall be made from the Escrow funds, except by way of refunds, unless and until:
 - (a) Escrow receives a copy of a "Receipt for Public Report(s) and Notice of Right to Cancel, in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser; (b) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and requirements of Section 514A-39 and 514A-63 have been met as those quoted phrases are used in Section 514A-65 of the Condominium Act; and (c) until the purchaser's apartment deed is filed in the Bureau of Conveyances of the State of Hawaii. If a purchaser shall not make any payment required under the Sales Contract or

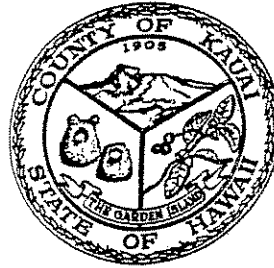
on or before its due date, Escrow shall notify the purchaser and Developer of such fact. Upon written notice from Developer of a purchaser's default, if the default is not cured within any grace period Developer shall advise Escrow. If the Developer then certifies 1) that Developer elects to terminate the Sales Contract or 2) that the purchaser is otherwise in default, then Escrow shall thereafter treat all funds of the purchaser paid under such Sales Contract, or any portion thereof as may be allowed by said Sales Contract, less the cancellation fee and expense of Escrow, as funds of Developer and not of the purchaser.

5) The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. It is incumbent upon a purchaser to read with care the executed Escrow Agreement on file with the Real Estate Commission.

Note: Section 514A-63 Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding contract if there is a material change in the project which directly, substantially and adversely affects the use of value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use.

END OF EXHIBIT "G"

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUAI, HAWAII 96766-1326

TELEPHONE: (808) 241-6677 FAX: (808) 241-6699

DATE: October 11, 2006

TO: Cynthia M.L. Yee, Esq.
Senior Condominium Specialist
Real Estate Commission - P & VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: Ian K. Costa, Director of Planning *IKC*

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: HEHI Condominium Project (373)
Tax Map Key: (4) 3-7-001: 028

The developer for the above-mentioned condominium project has rectified the zoning violation as indicated in our letter dated August 28, 2006. Therefore, this office, as an agency of the County of Kauai, having reviewed the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 514 A-40 (b), (1), Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted engineer Peter Taylor to certify that the buildings on the proposed project referred to as Hehi Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
Hehi Condominium
TMK: (4) 3-7-001: 028
October 11, 2006
Page 2

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. The subject property is zoned OPEN. According to Sec. 8-8.5 of the Kauai County Comprehensive Zoning Ordinance (CZO), states Development Standards For Construction and Use Within An Open District. (a) Land Coverage:
The amount of land coverage created, including buildings and pavement, shall not exceed ten per cent (10%) of the lot or parcel area. Allowable building area (including all impervious surfaces) on Unit B is approximately 1800 square feet.
5. WAIVER
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

If you have any questions, please contact Sheilah Miyake at 241-6677.

cc: Nancy Budd, Attorney at Law
Brett Struhar, Project Developer

END OF EXHIBIT "H"